

Message Text

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ACTION COME-00

INFO OCT-01 EA-07 ISO-00 EB-08 L-03 OPIC-03 TRSE-00

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7068

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E.O. 11652: NA

TAGS: EINV, BEXP, RP

SUBJECT: AVON INVESTMENT IN THE PHILIPPINES

REF: A. STATE 051405 B. MANILA 3490

1. ROBERT MCMILLAN AND NORMAN MC DOWELL OF AVON NEW YORK, ACCOMPANIED BY LOCAL AVON REPRESENTATIVE CLENDON ROWELL, CALLED AS SCHEDULED ON MARCH 14 ON E/C COUNSELOR AND EMBOFFS TO DISCUSS AVON ENTRY INTO PHILIPPINES. MCMILLAN STATED AT OUTSET THAT GOP HAS BEEN "REASONABLY COOPERATIVE," BUT HE HAD EXPECTED THAT GOP "WOULD FIGURE A WAY FOR US TO ENTER THE MARKET."

2. WE SOUGHT TO DISABUSE MCMILLAN OF IDEA THAT GOP, OR ANY GOVERNMENT, WOULD ASSIST A FOREIGN COMPANY TO ENTER ITS DOMESTIC MARKET OVER THE STRENOUS OPPOSITION OF A DOMESTIC COMPANY. ABOVE ALL, GOP COULD NOT, POLITICALLY SPEAKING, TELL A DOMESTIC COMPANY TO CEASE AND DESIST FROM RESORTING TO THE COURTS IN PROTECTING ITS MARKET, NOR COULD THE GOP INTERVENE WITH THE COURTS.

3. DISCUSSION THEN CENTERED ON HOW TO STRENGTHEN AVON'S APPLICATION SO AS TO STIFFEN BOI'S POSITIVE ATTITUDE OR RESOLVE, AND IN MEANS WHEREBY BEAUTIFONT'S OPPOSITION

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COULD BE OVERCOME. AVON COULD DO AN ECONOMIC STUDY OF ITS ENTRY INTO OTHER MARKETS, WHEREBY NON-SATURATION WAS SHOWN AND AN INCREASE IN SIZE OF MARKET WAS BROUGHT ABOUT BY COMPETITION. THE POSSIBILITIES OF CHANGING THE MODALITIES OF ENTRANCE WERE TOUCHED UPON. THE DEVELOPING ASEAN COMMUNITY AND THE POSSIBILITY OF INTRA-ASEAN EXPORTS FROM THE PHILIPPINES WERE ALSO

FACTORS TO BE CONSIDERED. MCMILLAN ALSO MENTIONED POSSIBILITY OF AVON CONSIDERING JEWELRY MANUFACTURING IN THE PHILIPPINES.

4. EMBOFFS ENCOURAGED AVON OFFICIALS TO UNDERTAKE FURTHER CONSIDERATION OF THESE FACTORS AS WELL AS TO EXPLORE OTHER AVENUES OF STRENGTHENING THEIR APPLICATION. A STRONG APPLICATION APPEALING TO THE GOP'S NEED FOR INVESTMENT AND ECONOMIC DEVELOPMENT IS A SINA NON QUA IN TRYING TO OVERCOME BEAUTIFONT'S OPPOSITION. BUT OTHER WAYS AND MEANS SHOULD ALSO BE FOUND, AND LITIGATION CANNOT BE EXCLUDED ALTHOUGH IT WOULD BE TIME-CONSUMING AND COSTLY. EMBOFFS EMPHASIZED THAT AVON HAS EXCELLENT LEGAL COUNSEL IN DICK ROMULO, AND AN ENERGETIC AND CAPABLE LOCAL REPRESENTATIVE IN GLEN ROWELL.

5. MCMILLAN PROVIDED A WILLING LISTENER AND EXPRESSED APPRECIATION FOR OPPORTUNITY TO EXCHANGE INFORMATION WITH US AND PARTICULARLY FOR EMBASSY'S BACKGROUND BRIEFING AND CITATION PREVIOUS RELEVANT CASES. HE CONCLUDED THAT AVON WAS NOT REPEAT NOT ASKING FOR EMBASSY INTERVENTION AT THIS TIME, AND SAID THAT ROWELL WOULD CONTINUE TO BE IN TOUCH WITH US ON MATTER.
SULLIVAN

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Message Attributes

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